GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:57
ANSWERED ON:17.10.2008
DECLINE IN SENSEX
Gangwar Shri Santosh Kumar

Will the Minister of FINANCE be pleased to state:

(a) the reasons for the continuous decline in the sensex from January,2008 so far;

(b) whether any assessment has been made of the loss Incurred to investors as a result thereof;

(c) if so,the details thereof;and

(d) the details of steps taken by the Government to protect the interests of small investors?

Answer

MINISTER OF STATE IN THE MINISTRY 0F FINANCE (SHRI P. K. BANSAL)

(a) to (d): Sensex has recorded a faU from 20300.71 on January 1,2008 to 11309.09 on October 13, 2008.The fall in indices of Indian Securities Market is in line with the fall in the major indices, world over.Volatility is inherent in any market.` It is an outcome of perceptions of the investors - domestic and overseas, retail and institutional-about the economy,the sector and the company. This perception is influenced by many factors including the macro economic environment,the growth potential of the economy,policy credibility of the government,corporate performance,domestic and international events and market sentiments. The loss suffered by investors on account of the fall in the market price will depend on the composition of their portfolio,the cost of acquisition of securities and corporate benefits received for the portfolio subsequent to the acquisition.

SEBI has taken several measures to protect the interest of investors in securities market.